

1/20/78 [1]

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Letter	Pres. Carter to Michael Shaheen, 6 pp., re: personal matter	1/20/78	C

FILE LOCATION

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THE PRESIDENT'S SCHEDULE

Friday - January 20, 1978

8:15 Dr. Zbigniew Brzezinski - The Oval Office.

9:30 Senator Frank Church. (Mr. Frank Moore).
(15 min.)

10:00 Signing of the Economic, Tax and
(10 min.) Budget Messages. (Mr. Stuart Eizenstat).
The Roosevelt Room.

10:30 Mr. Jody Powell - The Oval Office.

11:00 Mr. Tom Watson. (Mr. Landon Butler).
(10 min.) The Oval Office.

12:45 Drop-By Luncheon for Members of the
(10 min.) President's Commission on White House
Fellowships. (Dr. Peter Bourne).
The Roosevelt Room.

2:05 Depart South Grounds via Helicopter
en route Andrews AFB and
Atlanta, Georgia.

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THE WHITE HOUSE
WASHINGTON
January 20, 1978

Stu Eizenstat
Bob Lipshutz

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

CAB - CATEGORY & FARES

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

January 19, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: BOB LIPSHUTZ *RL*
STU EIZENSTAT *Stu*
SUBJECT: CAB Decision Re Category Y Fares

The Department of Defense maintains a high volume airplane charter operation whose principal purpose is to transport armed forces personnel and their families making permanent changes of station. The cost of such charters is considerably lower than normal commercial fares; the corresponding disadvantage is that charter flights occur markedly less frequently than regularly scheduled service. The relative infrequency of charter flights means that Defense passengers may be inconvenienced.

To address both the problem of inconvenience and the carriers' desire to utilize existing capacity and avoid flying special charter planes whenever possible, Defense and certain carriers have worked out "Category Y Fares" transfer arrangements. Under Category Y fares, the Defense Department and a carrier can agree to cancel a charter, and the charter passengers are then diverted to existing space on regularly scheduled flights, at the same low charter fares. Hence, transferred military passengers pay a much lower fare than the other passengers on the flight.

As Category Y fares now operate, when the military cancels a charter flight, the diverted Defense passengers are given confirmed reservations on scheduled flights. In the decision before you, the CAB -- while generally endorsing the Category Y concept -- has unanimously ruled that this arrangement is unfair to the civilian passengers paying the higher scheduled fare. The Board ruled that the difference in fares is acceptable only if military passengers fly on a space available basis, and hence fill up seats that otherwise would go empty. Otherwise, reasons the Board, there may be an adverse effect on ordinary civilian passengers who are denied seats even though they are prepared to pay higher fares than the military.

The Board decided to disapprove these fares, but stated it would approve low Category Y fares which were on a space available basis. The Department of Transportation recommended such an approach to the Board, and the Departments of State, Justice, and the National Security Council as well as OMB have no objection to the Board's order. Approval of the order means that the fares will be refiled in accordance with DOT's and the CAB's recommendations.

The Defense Department objects to the Board's order and argues that it will stop the program if it cannot guarantee its Category Y passengers firm reservations (45-60 days in advance). All the evidence before the Board, however, shows that the program would work well on a space available basis, and that military passengers would not be inconvenienced. Evidence before the Board showed that only one percent of all regularly scheduled flights having some Category Y military passengers flew at full capacity. Thus, in 99 percent of the cases, all military passengers would have been able to get seats, even without confirmed reservations in advance.

The Department of Energy agrees with the Defense Department that Category Y fares should be permissible. These fares save fuel because they allow the military to fill empty seats on regularly scheduled flights and hence to avoid using additional charter planes. DOE, however, today informed us that it would support approving the Board's order and developing Category Y fares on a space available basis.

We recommend that you approve the Board's order by signing the attached letter. Approval will mean that Category Y fares will be devised that both save fuel and minimize the unfairness to civilian passengers.

✓

Approve (We,
Transportation,
Justice, Energy,
OMB, NSC recommend)

Disapprove
(Defense recommends)

THE WHITE HOUSE
WASHINGTON

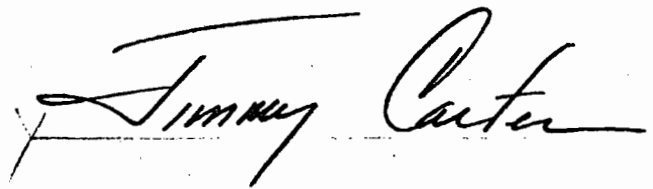
Dear Mr. Chairman:

I have reviewed your proposed order (Docket 28096) dated January 11, 1978 which cancels Category Y tariff rules of Northwest Airlines and Pan American World Airways.

I have decided to take no action and allow the Board's order to stand. My approval is not based on foreign policy or national defense considerations.

Sincerely,

Honorable Alfred E. Kahn
Chairman
Civil Aeronautics Board
Washington, D.C. 20428

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is written in a cursive, flowing style. The first name "Jimmy" is written with a large, sweeping initial "J". The last name "Carter" is written with a large, sweeping initial "C". The signature is positioned to the right of the typed name "Jimmy Carter".

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THE WHITE HOUSE
WASHINGTON

January 20, 1978

Charles Schultze

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

RE: ECONOMIC REPORT TO CONGRESS

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
/		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

January 19, 1979

Charlie
Thanks
Jimmy

Dear Mr. President:

Attached is a copy of your Economic Report to the Congress, which will be submitted tomorrow. Among its other attributes, I hope you will like the colors. They were not chosen randomly.

Cordially,

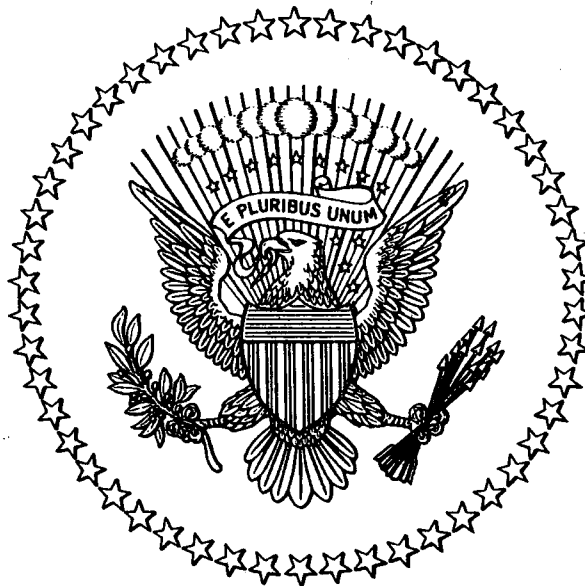


Charlie Schultze

ECONOM C REPORT OF THE PRESIDENT

C

**TRANSMITTED TO
THE CONGRESS
JANUARY 1978**



FOR RELEASE AT 12 NOON (E.S.T.)

FRIDAY, JANUARY 20, 1978

NOTICE: There is a total embargo on this Report until 12 noon, Friday, January 20, 1978. There should be no release or discussion of this document before that time.

**JODY POWELL,
Press Secretary to the President.**

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THE WHITE HOUSE
WASHINGTON

January 20, 1978

Jim McIntyre

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling.

Rick Hutcheson

cc: Stu Eizenstat
Frank Moore
Charles Schultze
Richard Pettigrew

RE: CONDOMINIUM CONSUMER
PROTECTION ACT

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
/		EIZENSTAT
		JORDAN
		LIPSHUTZ
/		MOORE
		POWELL
		WATSON
/		McINTYRE
/		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
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	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
/	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

1/19/78

Mr. President:

CEA's comments are reflected in OMB's memo. Schultze points out, in addition, that since your Florida campaign, Florida has taken strong legislative action on its own; and a Model Uniform Condominium Act has been developed that may spur other states to action. "Therefore, you might consider postponing submission of this legislation, but state publicly that you will move to enact it if the States do not proceed to take action themselves..."

Eizenstat: "Except for certain members of the Florida delegation, there appears little interest in the Congress to devote much time to condominium consumer legislation. A major effort was made and failed in the 94th Congress to pass a similar bill. However, in view of your campaign pledges and of the generally favorable response to the HUD bill from outside groups and agencies, I recommend that you support the HUD bill with the modifications suggested by Jim McIntyre."

Pettigrew's dissenting comments are attached.

Congressional Liaison has no comment.

Rick



THE PRESIDENT HAS SEEN.
EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JAN 16 1978

MEMORANDUM FOR THE PRESIDENT

FROM: James T. McIntyre *Jim McIntyre*

SUBJECT: HUD's draft "Condominium Consumer Protection Act"

Secretary Harris has submitted for your approval draft legislation designed to protect residential condominium purchasers and owners from unfair practices by developers. This legislation would fulfill your campaign commitment to support Federal legislation to regulate the sale of condominiums.

The HUD draft bill was circulated for review, in the normal OMB legislative clearance process, to the Departments of Justice and Agriculture, the Veterans Administration, Council of Economic Advisers, Federal Home Loan Bank Board, Federal Trade Commission, Securities and Exchange Commission, and White House staff. No opposition was expressed to the bill, although a number of the agencies made specific comments, some of which HUD has agreed to reflect in its final draft.

This memorandum summarizes the main features of the bill and indicates briefly our recommendations on the significant issues raised concerning it.

Summary

The draft bill addresses the problems identified by HUD and the Federal Trade Commission related to condominium sales. It would:

- provide national standards for condominium consumer protection, including certain warranties and guarantees of equipment and construction,
- require complete disclosure of information by the developer to the purchaser,
- authorize substitution of State law for the Federal law after HUD certification of the adequacy of the State law,

-- provide injunctive and investigatory powers and criminal penalties for HUD to enforce the law, and

-- authorize unit owners to jointly sue to have a recreation lease declared unconscionable.

The bill bases Federal jurisdiction on the developer's use of interstate commerce or the mails to sell a condominium unit. Justice believes questions will be raised about the bill's constitutionality because it touches an area not previously subjected to Federal regulation and because it will affect pre-existing contractual relationships. Justice concludes, however, that the bill has no serious constitutional impediments.

Most of the bill's provisions would not be effective until one year after enactment, to give HUD time to work with the States on implementation. The Department estimates that its activities under the bill would require about 31 additional staff at an annual cost of about \$900,000.

You should be aware that the National Conference of Commissioners on Uniform State Laws recently approved model State legislation, the Uniform Condominium Act (UCA). The UCA is expected to be endorsed by the American Bar Association for adoption by the States. However, HUD does not believe that we can rely on widespread State adoption of the UCA, including the States with the most active condominium markets. HUD also states that the UCA and the proposed legislation are complementary, but that its proposal includes significant protections not available under the UCA.

Issues raised

Regulatory impact--CEA raised questions about the regulatory impact of the HUD proposal in light of the Administration's commitment to simplification and improved efficiency of Government regulation. CEA asked HUD to present an analysis of the type and extent of regulatory activity implied by the bill. HUD's response indicates that the bill will entail minimum Federal involvement and that the only area of substantial rulemaking should concern certification of State law.

CEA and Richard Pettigrew questioned extension of the proposal to other types of housing like cooperatives and planned unit developments. HUD responded that the condominium form of ownership is unique and that its special problems and

abuses should be addressed. Expanded coverage, however, "would be politically impossible, administratively difficult, and probably unnecessary."

CEA does not oppose going ahead with HUD's proposal, but recommends that the Department develop a statement of philosophy and criteria by which to judge the appropriateness of Federal intervention in housing markets to protect consumers from abuses. This would permit HUD to move forward in high priority areas while resisting pressures for regulation in areas that would involve inefficient market intervention.

We agree with CEA and plan to work with HUD and CEA to try to see that the law is implemented to assure maximum consumer protection with minimum Federal regulation.

HUD litigating authority--The draft bill would give HUD authority to bring action in Federal court to enjoin violation of the Act or to enforce subpoenas. Justice opposes giving HUD independent litigating authority.

We also oppose any new exceptions to Justice's central litigation authority until the President's Reorganization Project completes its comprehensive study of all Government litigation in April.

Optional provisions--The HUD package includes three optional provisions as possible additions to the bill. They would provide:

- authority for the Secretary to assess civil money penalties;

- authority for the Secretary of HUD to issue cease and desist orders; and

- a requirement that 35 percent of the tenants of a building approve before conversion to a condominium is permitted.

The White House Office of Intergovernmental Affairs believes that if effective regulation proves to be impossible without these provisions, they can be added later, but that resistance to the bill will be lessened if they are not included. CEA is opposed to all three provisions. It objects to the first two provisions on the grounds that they are likely to be an excessive extension of HUD authority and that experience would indicate whether they were necessary. CEA opposes the

third provision because it would be a considerable infringement on the property rights of building owners which could easily be circumvented.

Of the three provisions, the only one which HUD recommends be included in the draft bill is authority for the Secretary to impose civil money penalties of up to \$5,000 for each violation of the Act. There would be a right to an administrative hearing and a right to appeal.

Justice favors this provision as a useful enforcement tool because of the limited nature of injunctive relief and the severity of criminal sanctions.

We agree with HUD and Justice that the bill should include civil money penalties as an enforcement tool.

HUD does not recommend inclusion of cease and desist authority but requests that you make a final decision on whether it should be included. The provision would give the Secretary authority to issue an administrative order to stop violations of the Act. The developer would have a right to an administrative hearing on such an order within 20 days of a request for a hearing.

The argument in favor of this provision is that it would lessen the burden on the Federal court system. The arguments against this provision are that it would be a further concentration of power in the Federal Government and could discourage developers from building new condominiums for fear the power would be abused by HUD. The staffing implications of this provision could be significant if HUD responded to all complaints.

We agree that cease and desist authority could be excessive and should not be included in the bill.

HUD recommends against the optional provision that would require 35 percent of the tenants to approve conversion of a rental project to condominium ownership before the developer could proceed, because it raises serious constitutional problems and will lead to strong opposition to the bill. Justice agrees that this provision raises constitutional questions and requests an opportunity to render an opinion on its constitutionality if it is decided to include it. One of your campaign statements said we should consider this type of provision.

The draft bill already permits a developer to sell units in a conversion condominium project only after he has provided each tenant a 120-day notice of conversion and a 60-day exclusive right to purchase.

We agree that this provision should not be included in the bill.

Decision

Unless you wish otherwise, we will proceed to clear the HUD bill for submission to the Congress, as outlined above.

Proceed as recommended _____

See me _____

✓

Be sure that at
least one of the Florida
Senators is willing
to sponsor the
legislation - ~~att~~
also MC's if possible
JC

PETTIGREW COMMENT

THE WHITE HOUSE

WASHINGTON

January 18, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: RICHARD PETTIGREW *Rap*

SUBJECT: HUD's Draft "Condominium Consumer Protection Act"

In my view, the proposed bill has a serious defect as pointed out in my December 1, 1977 memorandum (attached).

In order to ensure a narrow Federal involvement while addressing this omission, I recommend (1) the proposed act apply to cooperative apartment ownership (in Florida, the identical statutory protections apply to such ownership); and (2) that the unconscionability provisions regarding recreational and other "net, net" leases containing escalation clauses be applied to large-scale planned unit developments regardless of the form of ownership.

These modest increases in coverage of the act would have the effect of greatly restricting, if not eliminating, further use by developers of these onerous leases. If the developer did not have such a lease tied to the home purchase, then the act would not apply. If you proceed with the restrictive HUD proposal, you will not be providing relief to homeowners in cooperative apartments or townhouses under a homeowners association and other forms of ownership where the developer has conditioned housing purchases on becoming obligated under such leases.

Such coverage would, I believe, meet the expectations of those in Florida who are looking to you to provide a Federal remedy that will address and prevent repetition of the most flagrant abuses of the past.

Attachment

THE WHITE HOUSE

WASHINGTON

December 1, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

RICHARD PETTIGREW *Rich*

SUBJECT:

HUD's Proposed Condominium
Consumer Protection Act

The HUD draft bill does a good job of protecting the covered condominium purchasers and those tenants of apartments being converted to condominium ownership. However, I endorse the Justice Department's recommendation that its criminal penalties be removed and that civil fines be substituted. Where the conduct would otherwise constitute criminal fraud, it can be punished under existing criminal statutes. This minor change would ensure that this consumer protection measure would be liberally interpreted by the courts.

There is one serious defect in this draft, however. It is too narrow. It only applies to a narrow group of owners of housing units which come within the definition of "condominium" set forth in the bill. It omits purchasers of cooperative apartments, townhouses, mobile home sites, and single-family homes where developed as a part of a planned unit development. Such developments often combine high rises, low rises, townhouses, and even single-family homes, but all the housing units are subjected to the same recreation lease containing the same onerous escalation clause. The developer retains these separate areas to stretch out the receipt of profits from the development. The escalation clause is a hedge against inflation, but the purchaser of the unit is unexpectedly subjected to significant increases annually in "net, net" lease payments. These escalated payments are the crux of the controversy.

By limiting the bill to a narrowly defined type of condominium ownership, its provisions can be avoided by slight technical adjustments in the documents; i.e., by using deed restrictions and vesting title to common areas in a homeowner association. This kind of avoidance is now happening in Florida even though the law there now applies to both condominium and cooperative apartments.

I recommend that the draft bill be amended to include the purchase of any housing unit which is conditioned on the purchaser's becoming obligated to be bound by the terms of a separate lease containing escalation clauses and requiring "net, net" payments by the purchaser to the owner of the lease. Such an amendment would make this bill a true, far-reaching consumer protection measure that would bring stability and consumer confidence to a wide variety of large-scale housing developments featuring some form of home ownership together with green space and other amenities. The whole sunbelt is attracting retirees who would be protected against unfair developer practices. These retirees often invest all their savings in a retirement home. Further, this kind of amendment would also fulfill your campaign pledge since it would extend the bill's protections to all those kinds of housing units encompassed by the organized groups in Florida who were asking you for federal relief during the campaign; i.e., the Condominium-Cooperative Executive Council, the Tamarac Homeowner Association (single-family planned unit development consisting of a whole city).

I am available to assist in working out such an amendment.

WASHINGTON

DATE: JAN 16 78

FOR ACTION: STU EIZENSTAT

X

INFO ONLY: THE VICE PRESIDENT

BOB LIPSHUTZ

JODY POWELL

CHARLES SCHULTZE *attached*

MIDGE COSTANZA

FRANK MOORE (^{W.C.}LES FRANCIS)

JACK WATSON

RICHARD PETTIGREW *attached*

FROM: RICK HUTCHESON WHITE HOUSE STAFF SECRETARY PHONE 456-7052

SUBJECT MCINTYRE MEMO DATED 1/16/78 RE HUD'S DRAFT "CONDOMINIUM CONSUMER PROTECTION ACT"

RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY

BY 1200 PM WEDNESDAY JAN 18 78

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD; DO NOT FORWARD.

PLEASE NOTE OTHER COMMENTS BELOW:

ID 780193

T H E W H I T E H O U S E
WASHINGTON

DATE: JAN 16 78

FOR ACTION: STU EIZENSTAT

INFO ONLY: THE VICE PRESIDENT

BOB LIPSHUTZ

JODY POWELL

CHARLES SCHULTZE

MIDGE COSTANZA

FRANK MOORE (LES FRANCIS)

JACK WATSON

RICHARD PETTIGREW

FROM: RICK HUTCHESON WHITE HOUSE STAFF SECRETARY PHONE 456-7052

SUBJECT MCINTYRE MEMO DATED 1/16/78 RE HUD'S DRAFT "CONDOMINIUM CONSUMER
PROTECTION ACT"

RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY

BY 1200 PM WEDNESDAY JAN 18 78

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD; DO NOT FORWARD.

PLEASE NOTE OTHER COMMENTS BELOW:


ID 780193.

T H E W H I T E H O U S E

WASHINGTON

DATE: JAN 16 78

FOR ACTION: STU EIZENSTAT



INFO ONLY: THE VICE PRESIDENT

BOB LIPSHUTZ

JODY POWELL

CHARLES SCHULTZE

MIDGE COSTANZA

FRANK MOORE (LES FRANCIS)

JACK WATSON

RICHARD PETTIGREW

FROM: RICK HUTCHESON WHITE HOUSE STAFF SECRETARY PHONE 456-7052

SUBJECT MCINTYRE MEMO DATED 1/16/78 RE HUD'S DRAFT "CONDOMINIUM CONSUMER
PROTECTION ACT"

RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY

BY 1200 PM WEDNESDAY JAN 18 78

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD; DO NOT FORWARD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE

WASHINGTON

January 17, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *SE*

SUBJECT:

McIntyre Memo re: HUD's
Proposed Condominium Consumer
Protection Act

BACKGROUND

You will recall that in response to a memorandum to you from Secretary Harris (dated August 3, 1977) concerning condominium recreation leases, you requested that HUD expedite the work of its task force on this matter and consult with Congressmen and condominium groups on this issue. HUD has produced a bill to provide minimum uniform condominium consumer protection nationwide. The bill draws upon the findings of a two year study of this industry and an analysis of comments received from the Congress and condominium groups.

DISCUSSION

The draft bill which HUD sent to OMB for review would (1) provide national standards for consumer protection, including certain warranties of equipment and construction; (2) require complete disclosure of information (engineering, financial, etc.) by the developer to the purchaser in terms comprehensible by the consumer; (3) authorize pre-emption of the Federal law upon HUD certification that State law provides equivalent or better protection; (4) provide injunctive and investigatory power for HUD to enforce the law; and (5) authorize unit owners to jointly sue to have a recreation lease declared unconscionable.

On the issues of the abusive use of recreation leases and escalator clauses within them, practices which you condemned specifically during the campaign, the bill would set standards to assist federal and/or state courts in determining whether such leases are unconscionable and, therefore, voidable. Also

the bill would declare rent escalator clauses unenforceable. These provisions are designed to allow for prompt judicial review and action on these unfair business practices.

In general, the agencies which have reviewed the proposed bill (OMB, Justice, CEA, FTC, SEC, Federal Home Loan Bank Board) agree with the bill's goal of protecting condominium owners and support the major provisions of the bill. Justice believes that there are no serious constitutional impediments to the major provisions.

Three additional provisions are suggested as options for inclusion into the bill. The first would give the Secretary of HUD the power to issue cease and desist orders to halt prohibited practices. The second would allow the Secretary to impose civil penalties of up to \$5000 for each violation of the Act. The third would require the approval by 35% of the tenants prior to converting rental apartments to condominium (if this last item is not approved, the draft bill would simply provide for 4 months notice of proposed conversion of apartments to condominiums and would grant tenants a right of first refusal to purchase the apartment).

With respect to these optional provisions I agree with Jim McIntyre that cease and desist authority for HUD should not be included in the bill, that the bill should include civil money penalties as an enforcement tool (Justice concurs), and that adequate protection will be afforded tenants without including the 35% tenant approval provision in the bill (HUD and Justice concur).

HUD notes that many states are considering the adoption of the Uniform Condominium Act (the UCA). This law would provide the same basic protections as would the HUD bill. Adoption of this law by the States should be encouraged. The HUD bill provides that if a state adopts the UCA, HUD would certify that that state meets the federal minimum standards. Further regulatory responsibility then would be, by and large, left to the state. Thus, if most states adopt the UCA, HUD regulatory activity would be minimal. Jim McIntyre points out that further work needs to be done to clarify the standards which will be used to certify states. OMB and CEA would work with HUD on this matter.

RECOMMENDATION

If you decide to support this bill, I recommend that you approve the approach suggested by McIntyre which would have OMB and CEA work with HUD to make certain that the legislation provides maximum consumer protection with minimum Federal regulation. As presently drafted HUD would continue to regulate certain aspects of a state's condominium industry even in those states which adopt the UCA. This would seem to establish a "substantial equivalent" test which would hold that if the state adopted the UCA or other law providing protection substantially equivalent to that of the federal bill, HUD's role in that state would be limited to certification and not regulation.

Except for certain members of the Florida delegation, there appears little interest in the Congress to devote much time to condominium consumer legislation. A major effort was made and failed in the 94th Congress to pass a similar bill. However, in view of your campaign pledges and of the generally favorable response to the HUD bill from outside groups and the agencies, I recommend that you support the HUD bill with the modifications suggested by Jim McIntyre.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

January 18, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze ^{CLS}

Subject: Condominium Consumer Protection Act

The OMB memo on HUD's proposed legislation states clearly and fairly my views. However, I would like to make an additional point in view of the uncertainties surrounding the implementation of condominium consumer legislation.

The original impetus for development of this act came during your campaign in Florida, when you promised to take effective steps to prevent the abuses in the development and sale of condominiums. The OMB memo notes, however, that two developments since then raise questions whether a Federal role in this area is necessary at this time.

First, Florida -- where most of the abuses in the recent past occurred -- has taken strong legislative action on its own. Second, a Model Uniform Condominium Act has been developed that may lead to effective actions by other states.

Therefore, you might consider postponing submission of this legislation, but state publicly that you will move to enact it if the States do not proceed to take action themselves, and refer to the Model Act that has been developed. In this way you would be pursuing a position that is consistent both with your Florida campaign statements and your desire to limit Federal intervention wherever necessary.

If you decide to pursue the proposed HUD legislation, I strongly urge the development by HUD of general regulatory criteria for this Act described on page 3 of the OMB memo.

THE WHITE HOUSE

WASHINGTON

12/20
Revised 04/13
memo expected
1/6

Date: November 26, 1977

MEMORANDUM

FOR ACTION:

Eizenstat
Lipshutz
Moore
Watson
Peterson - MC
Pettigrew

FOR INFORMATION:

Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: McIntyre memo re HUD's Proposed Condominium Consumer Protection Act

**YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:**

TIME: 10:00 a.m.

DAY: Wednesday

DATE: November 30

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

NOV 25 1977

MEMORANDUM FOR THE PRESIDENT

FROM: James T. McIntyre *Jim McIntyre*
Acting Director

SUBJECT: HUD's Proposed Condominium Consumer
Protection Act

This memorandum summarizes our initial comments on HUD's proposal. We have sent to HUD the comments conveyed to us by other agencies and offices, and we are awaiting the Department's response.

The HUD draft bill is designed to protect the rights of residential condominium purchasers and owners from unfair practices by developers. Federal jurisdiction is based on the developer's use of interstate commerce or the mails to sell a condominium unit. The bill would provide national standards for consumer protection, including certain warranties and guarantees of equipment and construction, require complete disclosure of information by the developer to the purchaser, authorize pre-emption of the Federal law upon HUD certification of the State law, provide injunctive and investigatory power and criminal penalties for HUD to enforce the law, and authorize unit owners to jointly sue to have a recreation lease declared unconscionable.

Need for Federal regulation

Overall, we agree with the bill's goal of protecting the rights of condominium owners. We also agree with Charlie Schultze, however, that HUD should supply an analysis of the regulatory activity implied in this comprehensive Federal legislation.

HUD and the Federal Home Loan Bank Board indicate that a Uniform Condominium Act (UCA) has been developed for adoption at the State level and that it will be endorsed by the American Bar Association this winter. The Bank Board's comments on HUD's draft bill indicate that if State adoption of the UCA is prompt, Federal legislation in this area may not be necessary. HUD argues, on the other hand, that its proposal would complement, rather than sub-

stitute for, the UCA and other State laws; moreover, it permits State pre-emption of Federal standards through HUD certification. The bill, however, provides no incentive for State action.

Since the HUD bill would not be submitted to the Congress until next year, we believe the Department should be asked to address more fully its regulatory impact, and provide an assessment of the likelihood of States adopting adequate condominium regulation laws, particularly those with the most condominium development.

Possible implementation problems

The HUD proposal requires detailed disclosure of information by the developer to each purchaser and gives the purchaser a 15-day right of rescission after receiving the information. If the information is not received prior to conveyance, the purchaser would have a right to receive 10% of the purchase price and could sue for additional damages. The information required would include, among other things, the developer's construction schedule for all the facilities; a detailed projected one-year budget for the owners' association; a description of the bylaws, rules, and regulations; and an estimate of the costs of utilities, insurance, and taxes to be borne by unit owners individually.

These provisions could significantly increase administrative costs of developers and contribute to delays in sales, as was experienced under the Real Estate Settlement Procedures Act which required advance disclosure by lenders of settlement charges. That Act had to be amended by Congress only a few months after it became effective because of the adverse impact it was having on settlements.

Budget impact

HUD has not yet provided us with the cost or staff estimates for implementation of its proposal, although the Department states that these will not be significant. We note that HUD would be given broad power to make investigations to determine whether any person has violated or is about to violate any provision of the Act or any of the implementing rules or regulations and to publish information on any violations. This could be staff-intensive, as well as controversial.

Summary

Justice has reviewed the draft bill, and believes it has no serious constitutional impediments (this does not cover

the "optional" provisions in HUD's package). Justice opposes granting HUD independent litigating authority and suggests further consideration of civil money penalties as an enforcement tool.

Apart from the general comment of the Federal Home Loan Bank Board cited above, the other agencies generally support the bill and have provided various technical suggestions which HUD is currently reviewing as part of the normal legislative clearance process.

We recommend that you await the responses to the questions Charlie Schultze and others have raised before approving the HUD bill.

THE WHITE HOUSE

WASHINGTON

Date: October 18, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
 Bob Lipshutz - *attached*
 Frank Moore - *attached & comment (10/19/77)*
 Jack Watson
 Jim McIntyre
 Charles Schultze - *attached*
 Esther Peterson

FOR INFORMATION:

The Vice President
 Hamilton Jordan - *attached*

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Harris memo dated 10/17 re Proposed Condominium Consumer Protection Act.

**YOUR RESPONSE MUST BE DELIVERED
 TO THE STAFF SECRETARY BY:**

TIME: 12:00 Noon

DAY: Thursday

DATE: October 20, 1977

ACTION REQUESTED:

☒ Your comments
 Other: _____

STAFF RESPONSE:

☐ I concur. ☐ No comment.
 Please note other comments below:

*Bill - om's will
 need 2 weeks from today
 10-19-77, to do agency
 clearances - let people
 know they have more
 time. Also, put in a note
 in our weekly report that
 condo reform was said
 from HUD, to pass now
 if om's, to pass now
 2 weeks*
Phil

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE

WASHINGTON

Date: October 19, 1977

MEMORANDUM

FOR ACTION:

Richard Pettigrew

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Harris memo dated 10/17/77 re Proposed Condominium Consumer Protection Act.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 10:00 AM

DAY: Tuesday

DATE: October 25, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410
October 17, 1977

MEMORANDUM FOR: The President

ATTENTION: Rick Hutcheson, Staff Secretary

SUBJECT: Proposed Condominium Consumer Protection Act

I am pleased to submit the proposed Condominium Consumer Protection Act for your review. This draft legislation would fulfill campaign promises you made in Florida to provide consumer protection for condominium purchasers and owners. It also addresses problems identified in a 1975 HUD study of the condominium industry and other concerns identified by the Federal Trade Commission. Special provisions would permit termination of abusive recreation leases.

Although Florida condominium owners have been the most vocal advocates of reform of unfair condominium sales practices, the remedies set forth in this draft legislation would provide consumer protection against such practices throughout the country. The 1976 Annual Housing Survey indicated that there were some 700,000 condominium units nationwide, and many of the problems raised by people in Florida are typical of condominiums, regardless of location.

Despite past abuses, the condominium form of homeownership should be an important element of this Administration's national housing policy. Our supply of vacant land for single family housing in metropolitan areas is rapidly vanishing and detached single family housing costs are increasing rapidly. Consequently, future opportunities for homeownership will be limited unless we have a viable alternative to traditional single family housing. Condominium housing also has a role in the revitalization and preservation of our urban neighborhoods because it gives people an ownership stake in their neighborhoods. With adequate protection, condominium conversions can play a useful role in restoring the existing housing stock, while preventing otherwise deteriorating multifamily housing from being abandoned. We should encourage and foster further use of condominium ownership, and this proposed legislation would be an important element of such a policy.

We have encountered serious constitutional obstacles to several approaches designed to terminate all existing recreation leases. Therefore, we have developed the "unconscionability" test set forth in the draft legislation. This test, written in concert with the Department of Justice staff and the Federal Trade Commission, would give owners the right to request judicial relief. Our own analysis and discussions with staff of the Justice Department lead us to believe the provisions in the attached draft are constitutional. A formal written opinion on this matter has been requested from the Department of Justice, but has not yet been received.

The bill's major provisions are:

- o HUD would have an active role in policing the condominium industry through the authority to subpoena information for purposes of investigation and to seek injunctions in appropriate cases.
- o Disclosure requirements and national minimum standards which would, in effect, constitute a Bill of Rights protecting condominium purchasers.
- o Consumers would receive engineering reports on building conditions in structures converted to condominium ownership.
- o Under the disclosure provisions, developers would present a full and accurate analysis of maintenance costs.
- o Disclosure documents would be in a format and terms which could be understood by consumers.
- o Tenants in buildings to be converted to condominiums would receive 120 days' notice of the proposed conversion and would be granted a right of first refusal to purchase the apartment.
- o Builders would be required to warrant condominium units against construction defects for one year, and commonly owned facilities for a three year period.

While this draft bill addresses each of your concerns, there are three additional provisions that would provide a stronger response to your campaign promises. It has been suggested that the HUD Secretary be given power in the statute to issue cease and desist orders to halt prohibited practices and to impose

civil penalties of up to \$5,000. Supporters of these provisions urge that inclusion would limit the case load of the courts, and that they would provide effective powers in addition to the power of the Secretary to secure injunctions.

Opponents of the cease and desist power and the imposition of damages believe that existence of these powers would have a chilling effect upon the production of condominiums, would require additional Departmental staff, and would represent an unnecessary increase in Federal power.

We have also considered inclusion of a provision that a condominium conversion of rental units could take place only with the written approval of thirty-five percent of the tenants, to meet a 1975 campaign promise to consider such a remedy. However, serious constitutional and Federal-State relationship questions would be raised by the inclusion of this limitation on conversions. Also, inclusion might increase industry opposition to the proposed legislation.

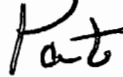
Because of the problems involved in cease and desist orders, imposition of civil penalties, and limitation of conversion provisions, I have not included them in the draft legislation. However, I have attached option papers describing the arguments for and against these proposals, along with draft provisions should you wish to include them.

Criminal penalties in the bill provide for a maximum fine of \$10,000 or imprisonment for not more than five years, or both. Inclusion of these penalties may have a deterrent effect on the condominium industry, although we do not anticipate that they will be used frequently. Nevertheless, by singling out this form of housing for possible criminal prosecution (there are no comparable protections and sanctions for other types of real estate transactions except unimproved land sales) developers may turn to less risky housing construction.

In general, however, we feel that this bill will ultimately foster condominium construction through increased consumer demand. The much publicized abuses in Florida and the disruptive effects upon tenants in some of our major cities have shaken consumer confidence in condominium homeownership. This bill should eliminate the most abusive practices and restore consumer confidence.

If this bill is enacted, we will require additional, but not significant, staffing and budget authority. At the appropriate time, we will submit estimates of staffing and budget to the Office of Management and Budget.

I am prepared to proceed in this matter, and to answer any questions you may have.



Patricia Roberts Harris

Attachments

- Tab A Explanation and Justification
- Tab B The Bill
- Tab C Section-by-Section Summary
- Tab D Optional Provisions
- Tab E Proposed Transmittal Letter to Congress

10/19

LONDON:

As a condominium owner, I could not let this opportunity pass without putting in my two-cents worth.

This is a much needed proposal. We are fortunate in this area to have at least two model condominium acts, District of Columbia and Virginia (Virginia is the leader in this area and has been for the last 6 years). However, for other states there are indeed a multitude of problems.

Condominium buyers need the protection offered in this proposal -- it will help avoid many of the court cases which are now pending. Too many purchasers are told one set of facts (relating to conditions of the building, warranties, cost of maintenance, etc) only to be faced with another totally different set of facts after they purchase. Condominium buyers are usually single, retired or young marrieds who cannot afford the price and upkeep of a "real" house. To be told that the monthly price will not exceed \$350.00 (including condominium fee) and after moving in learn that "they (the seller/developer) underestimated the condominium fee by \$50-\$75 a month" is quite an unwelcome shock to the pocket book. (This is not an uncommon occurrence.)

Aside from misrepresenting the cost of the condominium fee, buyers are often not given sufficient information on the condition of the building. The provision requiring the issuance of an engineering report will be most helpful providing the engineering report takes into account not only the building structure but also the boilers, and other major water, hear/air condition systems. Another common occurrence is to find out that after settling into a converted apartment building, the owners have to replace the roof, the cooler system three months after conversion. This additional expense is another unwelcome shock to the pocket book and often times, unaffordable.

Another problem mentioned is enforcement. Hopefully, with HUD policing the industry, this will not be such a problem.

In all, the proposal (from an owner's and Board Members' point of view) will be very helpful to the consumer and should help encourage home ownership.

Loren

Rice - Karen is A.
Genuine CONDO ASSOCIATION
BOARD MEMBER - THOUGHT YOU WERE
THOUGHT

Date: October 18, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Bob Lipshutz
Frank Moore
Jack Watson
Jim McIntyre
Charles Schultze
Esther Peterson

FOR INFORMATION:

The Vice President
Hamilton Jordan



FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Harris memo dated 10/17 re Proposed Condominium
Consumer Protection Act.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 Noon

DAY: Thursday

DATE: October 20, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)


THE WHITE HOUSE

WASHINGTON

October 18, 1977

MEMORANDUM

TO: Rick Hutcheson
Staff Secretary

FROM: Bob Lipshutz 
Counsel to the President

SUBJECT: Proposed Condominium Consumer Protection Act
(Memorandum dated October 17, 1977, to the President
from the Secretary of HUD)

Generally I wish to concur strongly with the recommendation of the Secretary, but wish to point out certain features in the bill which I do not think would be advisable.

1. I recommend against the requirement for engineering reports on building conditions and structures converted to condominium ownership, until and unless the federal government decides to require similar protection for all purchases of residential real estate.
2. I do not believe that this type of legislation should have any provision relative to tenants in the buildings to be converted to condominiums, since this gets into the field of "landlord and tenant" law, rather than condominium ownership law.
3. I disagree with the proposal to require warranties against construction defects to condominium units except as part of a broader law which would require such warranties for all residential real estate, or for all residential real estate which is financed by federal funds or guarantees.
4. I recommend that the penalties for violation of this law be limited to strong provisions for injunctive relief and civil cash penalties, but that criminal penalties be eliminated from this particular type of legislation.

5. With reference to the generally unpopular "recreation" leases, although I see a reference to existing recreation leases, I do not see where there is any provision which would at least limit the duration of future recreation leases or similar agreements with the developer. Such a provision would be most desirable and would respond to the most vocally expressed complaints which we have heard.

6. I agree with the conclusion of the Secretary not to include a provision that a condominium conversion of rental units could take place only with the written approval of 35 percent of the tenants (in my opinion this also would be inappropriate for a condominium law, but should be included only in "landlord and tenant" legislation, if at all).

In all other respects I fully concur with this proposed legislation.

Date: October 18, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Bob Lipshutz
Frank Moore
Jack Watson
Jim McIntyre
Charles Schultze
Esther Peterson

FROM: Rick Hutcheson, Staff Secretary

FOR INFORMATION:

The Vice President
Hamilton Jordan

XC: CABLE
TATE
FM

NOTE: Les has attachment

SUBJECT: Harris memo dated 10/17 re Proposed Condominium
Consumer Protection Act.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 Noon

DAY: Thursday

DATE: October 20, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

Comments should be solicited from the financial regulatory agencies, since the banking committees will be asking them for comment during the hearing process. (BT)

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

October 26, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS*
SUBJECT: HUD's Proposed Condominium Consumer Protection Act

I concur with the basic proposals outlined in Secretary Harris's memo to you, subject to the results of the "regulatory analyses" suggested below. I question whether there is need to press ahead with this legislative proposal immediately -- especially when Congress is rapidly nearing the end of the session. I would like to suggest a delay so that HUD can explore some of the regulatory implications of this suggested legislation.

The spirit of the proposed act is clearly pro-competitive. I endorse the objectives of assuring potential purchasers full information, protecting purchasers against insider-dealings by the developer, and safeguarding tenants from hasty eviction, and insuring them an option to purchase, upon conversion, the units in which they live.

I do not support several optional proposals presented as possible additions to the bill. They are:

- (1) Authority for the Secretary of HUD to issue cease and desist orders administratively.
- (2) Authority for the Secretary to assess civil money penalties.
- (3) A requirement that 35 percent of the tenants of a building approve before conversion to a condominium is permitted.

The first two options seem to be an extension of the authority of the Secretary that is likely to be excessive. I would recommend rejecting these proposals. Experience with the act will indicate whether such steps are necessary. The third option would involve a considerable infringement of the property rights of apartment building owners. Moreover, it appears to be a provision that, in practice, could easily be circumvented. For these reasons, I recommend that you also reject this option.

Although I endorse the substance of the basic HUD proposals, I recommend that HUD be given time to present to you an analysis of the type and extent of regulatory activity it implies, since the legislation involves embarking on a new area of Federal regulation. This analysis might include a description of the type and amount of rule-making that would be entailed, whether or not action, such as requests for cease and desist orders, would be undertaken in the absence of a citizen's complaint, and the amount of staff and appropriations that would be required to administer the law. I also recommend that HUD be asked to present an evaluation of the extent to which this action is likely to precipitate extension of similar Federal regulation to other types of housing transactions, beyond the area of condominiums, where some abuses also occur.

THE WHITE HOUSE

WASHINGTON

Date: November 26, 1977

MEMORANDUM

FOR ACTION:

Eizenstat

☒ Lipshutz

Moore

Watson

Peterson

FOR INFORMATION:

Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: McIntyre memo re HUD's Proposed Condominium Consumer Protection Act

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 10:00 a.m.

DAY: Wednesday

DATE: November 30

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

Please note other comments below:

☒ No comment.

RJA

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

THE WHITE HOUSE
WASHINGTON

November 29, 1977

TO: RICK HUTCHESON
Staff Secretary

FROM: ESTHER PETERSON

Per your request.

THE WHITE HOUSE

WASHINGTON

Date: November 26, 1977

MEMORANDUM

FOR ACTION:

Eizenstat
Lipshutz
Moore
Watson
✓ Peterson

FOR INFORMATION:

Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: McIntyre memo re HUD's Proposed Condominium Consumer Protection Act

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 10:00 a.m.

DAY: Wednesday

DATE: November 30

ACTION REQUESTED:

Other: ☒ Your comments

STAFF RESPONSE:

☐ I concur.
Please note other comments below:

✓
☐ No comment.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

NOV 25 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

James T. McIntyre
Acting Director

SUBJECT:

HUD's Proposed Condominium Consumer
Protection Act

This memorandum summarizes our initial comments on HUD's proposal. We have sent to HUD the comments conveyed to us by other agencies and offices, and we are awaiting the Department's response.

The HUD draft bill is designed to protect the rights of residential condominium purchasers and owners from unfair practices by developers. Federal jurisdiction is based on the developer's use of interstate commerce or the mails to sell a condominium unit. The bill would provide national standards for consumer protection, including certain warranties and guarantees of equipment and construction, require complete disclosure of information by the developer to the purchaser, authorize pre-emption of the Federal law upon HUD certification of the State law, provide injunctive and investigatory power and criminal penalties for HUD to enforce the law, and authorize unit owners to jointly sue to have a recreation lease declared unconscionable.

Need for Federal regulation

Overall, we agree with the bill's goal of protecting the rights of condominium owners. We also agree with Charlie Schultze, however, that HUD should supply an analysis of the regulatory activity implied in this comprehensive Federal legislation.

HUD and the Federal Home Loan Bank Board indicate that a Uniform Condominium Act (UCA) has been developed for adoption at the State level and that it will be endorsed by the American Bar Association this winter. The Bank Board's comments on HUD's draft bill indicate that if State adoption of the UCA is prompt, Federal legislation in this area may not be necessary. HUD argues, on the other hand, that its proposal would complement, rather than sub-

stitute for, the UCA and other State laws; moreover, it permits State pre-emption of Federal standards through HUD certification. The bill, however, provides no incentive for State action.

Since the HUD bill would not be submitted to the Congress until next year, we believe the Department should be asked to address more fully its regulatory impact, and provide an assessment of the likelihood of States adopting adequate condominium regulation laws, particularly those with the most condominium development.

Possible implementation problems

The HUD proposal requires detailed disclosure of information by the developer to each purchaser and gives the purchaser a 15-day right of rescission after receiving the information. If the information is not received prior to conveyance, the purchaser would have a right to receive 10% of the purchase price and could sue for additional damages. The information required would include, among other things, the developer's construction schedule for all the facilities; a detailed projected one-year budget for the owners' association; a description of the bylaws, rules, and regulations; and an estimate of the costs of utilities, insurance, and taxes to be borne by unit owners individually.

These provisions could significantly increase administrative costs of developers and contribute to delays in sales, as was experienced under the Real Estate Settlement Procedures Act which required advance disclosure by lenders of settlement charges. That Act had to be amended by Congress only a few months after it became effective because of the adverse impact it was having on settlements.

Budget impact

HUD has not yet provided us with the cost or staff estimates for implementation of its proposal, although the Department states that these will not be significant. We note that HUD would be given broad power to make investigations to determine whether any person has violated or is about to violate any provision of the Act or any of the implementing rules or regulations and to publish information on any violations. This could be staff-intensive, as well as controversial.

Summary

Justice has reviewed the draft bill, and believes it has no serious constitutional impediments (this does not cover

the "optional" provisions in HUD's package). Justice opposes granting HUD independent litigating authority and suggests further consideration of civil money penalties as an enforcement tool.

Apart from the general comment of the Federal Home Loan Bank Board cited above, the other agencies generally support the bill and have provided various technical suggestions which HUD is currently reviewing as part of the normal legislative clearance process.

We recommend that you await the responses to the questions Charlie Schultze and others have raised before approving the HUD bill.

THE WHITE HOUSE

WASHINGTON

Date: November 26, 1977

MEMORANDUM

FOR ACTION:

Eizenstat
Lipshutz
Moore
✓ Watson
Peterson

FOR INFORMATION
Vice President

1977 NOV 28 PM 3 27

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: McIntyre memo re HUD's Proposed Condominium Consumer Protection Act

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 10:00 a.m.

DAY: Wednesday

DATE: November 30

ACTION REQUESTED:

 X Your comments
Other:

STAFF RESPONSE:

 I concur. No comment.
Please note other comments below:

We agree with McIntyre's recommendation that the President wait and suggest that the FTC comment as to what duplicative jurisdiction such legislation would impose.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

THE WHITE HOUSE

WASHINGTON

December 1, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

RICHARD PETTIGREW *Rick*

SUBJECT:

HUD's Proposed Condominium
Consumer Protection Act

The HUD draft bill does a good job of protecting the covered condominium purchasers and those tenants of apartments being converted to condominium ownership. However, I endorse the Justice Department's recommendation that its criminal penalties be removed and that civil fines be substituted. Where the conduct would otherwise constitute criminal fraud, it can be punished under existing criminal statutes. This minor change would ensure that this consumer protection measure would be liberally interpreted by the courts.

There is one serious defect in this draft, however. It is too narrow. It only applies to a narrow group of owners of housing units which come within the definition of "condominium" set forth in the bill. It omits purchasers of cooperative apartments, townhouses, mobile home sites, and single-family homes where developed as a part of a planned unit development. Such developments often combine high rises, low rises, townhouses, and even single-family homes, but all the housing units are subjected to the same recreation lease containing the same onerous escalation clause. The developer retains these separate areas to stretch out the receipt of profits from the development. The escalation clause is a hedge against inflation, but the purchaser of the unit is unexpectedly subjected to significant increases annually in "net, net" lease payments. These escalated payments are the crux of the controversy.

By limiting the bill to a narrowly defined type of condominium ownership, its provisions can be avoided by slight technical adjustments in the documents; i.e., by using deed restrictions and vesting title to common areas in a homeowner association. This kind of avoidance is now happening in Florida even though the law there now applies to both condominium and cooperative apartments.

I recommend that the draft bill be amended to include the purchase of any housing unit which is conditioned on the purchaser's becoming obligated to be bound by the terms of a separate lease containing escalation clauses and requiring "net, net" payments by the purchaser to the owner of the lease. Such an amendment would make this bill a true, far-reaching consumer protection measure that would bring stability and consumer confidence to a wide variety of large-scale housing developments featuring some form of home ownership together with green space and other amenities. The whole sunbelt is attracting retirees who would be protected against unfair developer practices. These retirees often invest all their savings in a retirement home. Further, this kind of amendment would also fulfill your campaign pledge since it would extend the bill's protections to all those kinds of housing units encompassed by the organized groups in Florida who were asking you for federal relief during the campaign; i.e., the Condominium-Cooperative Executive Council, the Tamarac Homeowner Association (single-family planned unit development consisting of a whole city).

I am available to assist in working out such an amendment.

Warren Manshopp
→ Netherlands

Frank Church
1/20/78

MR. PRESIDENT

THIS APPOINTMENT HAS RUN FIVE
MINUTES OVERTIME. WE HAVE THE
SIGNING OF THE MESSAGES IN TWELVE
MINUTES.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

January 20, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *HC*

SUBJECT: Weekly Comment Office Report (Per Your Request)

<u>CURRENT ISSUES</u>	<u>PRO</u>	<u>CON</u>	<u>TOTAL</u>
Attorney General's Decision to Replace David Marston	1%	99%	4,638
Panama Canal Treaties	26%	74%	184
Prime Minister Begin's Comments re: Egyptian Peace Plan	49%	51%	113
H.R. 1771 Adding Mineral King Valley to Sequoia National Park	100%	-	80
Scheduled "Right to Life" March, 1/23/78	100%	-	78
Farmers' Strike	100%	-	75
State of the Union Address	60%	40%	73
Unclassified			<u>183</u>
			5,424
<u>AGENCY REFERRALS</u>			
Social Security			66
Veteran's Administration			32
Department of Defense			27
Other			<u>150</u>
			275
<u>MISCELLANEOUS</u>			
Non-Substantive			70
Support			6
White House Requests			<u>62</u>
			138
GRAND TOTAL			5,837

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

January 20, 1978

C
/

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *HC*

SUBJECT: Weekly Mail Report (Per Your Request)

Below are statistics on Presidential and First Family:

<u>INCOMING</u>	<u>WEEK ENDING 1/13</u>	<u>WEEK ENDING 1/20</u>
Presidential	29,745	44,770
First Lady	1,810	2,285
Amy	665	745
<u>Other First Family</u>	<u>60</u>	<u>100</u>
TOTAL	32,280	47,900

BACKLOG

Presidential	8,830	9,190
First Lady	615	600
Amy	0	0
<u>Other</u>	<u>0</u>	<u>0</u>
TOTAL	9,445	9,790

DISTRIBUTION OF PRESIDENTIAL MAIL ANALYZED

Agency Referrals	19%	41%
WH Correspondence	47%	31%
Direct File	15%	16%
White House Staff	4%	3%
<u>Other</u>	<u>15%</u>	<u>9%</u>
TOTAL	100%	100%

NOT INCLUDED ABOVE

Form Letters and Post Cards	8,868	2,375
Mail Addressed to White House Staff	15,150	15,528

cc: Senior Staff

MAJOR ISSUES IN
CURRENT PRESIDENTIAL ADULT MAIL
Week Ending 1/20/78

ISSUES	PRO	CON	COMMENT ONLY	NUMBER OF LETTERS
Support for Attorney General's Decision to Replace U.S. Attorney David Marston	0	100%	0	15,535
Support for Presidential Meeting With Farm Leaders (1)	100%	0	0	1,924
President's Position Re: Federal Funds for Abortion (2)	8%	92%	0	776
Support for Secretary Califano's "War on Smoking" (3)	13%	87%	0	488
Increased Federal Funding for Farmers	98%	2%	0	431
Support for Tougher Restrictions on Steel Imports	99%	1%	0	424
Support for Panama Canal Treaties	2%	98%	0	357
Suggestions Re: Tax Reform Package	0	0	100%	324
Suggestions Re: Middle East Peace	0	0	100%	222
Support for Labor Law Reform Bill	8%	92%	0	220
Support for National Health Care, Kennedy-Corman Bill	98%	2%	0	179
Support for Decision to Award Dallas-London Route to Braniff Airlines (4)	0	100%	0	<u>158</u>
				21,038

~~(See Notes Attached)~~

NOTES TO MAJOR ISSUE TALLY

Week Ending 1/20/78

(1) SUPPORT FOR PRESIDENTIAL MEETING WITH FARM LEADERS (100% Pro)

Farmers and their wives, sending in a flood of telegrams and Mailgrams, "insist" that the President meet with the agricultural leaders now in Washington.

(2) PRESIDENT'S POSITION RE: FEDERAL FUNDS FOR ABORTION (92% Con)

As part of an apparent write-in campaign, women are criticizing the President's "unfair" position on abortion and asking him to reconsider.

(3) SUPPORT FOR CALIFANO'S "WAR ON SMOKING" (87% Con)

Representatives of the tobacco industry, including tobacco shop merchants, attack the campaign as "unscientific" and say that it will destroy their businesses. Other writers complain about government interference.

Supporters (13%) of the H.E.W. Secretary congratulate him for his "courage" and call on President Carter to lend him the full prestige of the Oval Office.

(4) SUPPORT FOR DALLAS-LONDON AIR ROUTE DECISION (100% Con)

Employees of Pan American Airways bitterly protest the trans-Atlantic air route decision, alleging that the President has made a trade-off with "vested interests" in order to gain support for the energy program.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

January 20, 1978

9
/

MEMORANDUM TO THE PRESIDENT

FROM: FRANK MOORE
BOB THOMSON

Bob

RE: SCHEDULING FLOOR ACTION ON TREATIES

Senators Byrd, Baker and Sparkman still would like to have a week of debate on the Treaties before the Lincoln Day recess. The Committee will attempt to have the Treaties marked up by January 27. Senator Church was probably too pessimistic when he told you the Treaties would not reach the floor until after the Lincoln Day recess.

FM has not seen

THE PRESIDENT HAS SEEN.

12:45 PM

THE WHITE HOUSE

WASHINGTON

January 19, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: PETER BOURNE

P.B.

SUBJECT: Drop by at mid-year luncheon for Members of the President's Commission on White House Fellowships, Friday, January 20, 12:45 p.m. Roosevelt Room.

I. Purpose

To give the Commissioners (all appointed by you) an opportunity to meet you and to give you a chance to say hello to Lady Bird Johnson.

II. Background, Participants, Press

a. Background

The Commission was brand new at its final selection in May and cautiously selected only 14 Fellows. As a result Labor, Defense, State and Agriculture are without Fellows.

This year there have been 2,026 applicants (an increase of 52% over last year) and the highest percentage ever of women (32%) have applied.

John Gardner has suggested that the valuable group of Alumni might be used to study and assist in developing leadership and utilizing it. They now support (along with foundation and corporate support) the education program. There may be other activities for which they can be used.

During the last year the White House Fellows program has been successfully restored to the highest level of prestige and stature. Credit for this should go primarily to John Gardner and this outstanding group of Commissioners.

b. Participants - Attached list.

c. Press - White House Photographer.

MEMORANDUM FOR THE PRESIDENT

FROM: PETER BOURNE

SUBJECT: Drop by at mid-year luncheon for Members of the President's Commission on White House Fellowships, Friday, January 20, 12:45 p.m.

III. Talking Points

- a. Suggest that this year they try to select 18 or 19 Fellows and that you will encourage the Secretaries of Defense, State, Agriculture and Labor to create a receptive and productive setting for a Fellow.
- b. I know that you have sought earnestly to increase the numbers of women, minorities, business people, and those from the Southeast. I hope you will continue to do so and also to seek performing artists and others who can both contribute and benefit from being Fellows as Joan Mondale has urged you to do.
- c. I know that the Alumni of this Fellowship program are in all walks of life and have returned to all portions of this country. I hope you will explore ways in which the Alumni can play more useful roles, both to the Commission and to the government.

PGB:ss

Attachment

PRESIDENT'S
COMMISSION ON WHITE HOUSE FELLOWSHIPS
THE WHITE HOUSE

LIST OF COMMISSION MEMBERS ATTENDING MEETING ON
FRIDAY, JANUARY 20, 1978

CHAIRMAN

JOHN W. GARDNER

BARRY BINGHAM

ROGER B. PORTER

PETER G. BOURNE

WILLIAM W. SCRANTON

JOHN HENRY BREBBIA

JULIA V. TAFT

ALAN K. CAMPBELL

JAMES M. WALL

MARILYN BRANT CHANDLER

HAROLD WILLENS

PRISCILLA COLLINS

VICENTE T. XIMENES

WALTER G. DAVIS

ADA E. DEER

SUSAN HERTER

CARL HOLMAN

MRS. LYNDON B. JOHNSON

W. THOMAS JOHNSON

BOISFEUILLET JONES

STEVEN MULLER

BETTY ANN OTTINGER

VICTOR PALMIERI

JANE CAHILL PFEIFFER

THE WHITE HOUSE

WASHINGTON

January 19, 1978

MEMORANDUM TO THE PRESIDENT

FROM: JIM FALLOWS, ACHSAH NESMITH 

SUBJECT: White House Fellows

1. These 14 White House Fellows were chosen from among 1,334 applications screened by the panel. They work for members of the Cabinet, senior White House staff members and the Vice President. The program was created in the first years of the Johnson administration. It was John Gardner's idea and he has returned as chairman of the Commission.
2. The Fellows bring fresh viewpoints to government and have a rare opportunity to see government working at the highest levels and take these insights back to the careers they interrupted to come here. They get a chance to test Reinhold Niebuhr's beliefs that "The sad duty of politics is to establish justice in a sinful world," and "Man's capacity for justice makes democracy possible; but man's inclination to injustice makes democracy necessary." Government can not do everything, but it can do a lot to eliminate unfairness and provide opportunities for all people.
3. They work directly with political appointees, a term that people often associate with "unqualified" or "crony". But it is the political appointees that must lead, inspire, and

shape the bureaucracy, so that the government can carry out the mandate of the people when they elect a new President. Through them the changes in policy and program are made; and if there is inertia or a lack of vision and creativity in the way the government performs, they are the ones who must take the responsibility for seeing that government performs as the people expect, and conforms to what they want. Many of our early leaders, John Adams in particular, felt that any person's period of service in government should be limited -- four, six or eight years. The political appointees serve in this spirit; even though their terms are usually not limited by law to bring fresh ideas and methods and root out entrenched problems in government. White House Fellows have a unique chance to observe how this key element in the system works.

#

NOTE re MRS. LYNDON
JOHNSON

THE WHITE HOUSE
WASHINGTON

January 18, 1978

INFORMATION

MEMORANDUM FOR: THE PRESIDENT
FROM: HENRY OWEN *HO*
SUBJECT: Mrs. Lyndon Johnson

*1 encl
2B.*

Father Hesburgh and others are trying to persuade Mrs. Lyndon Johnson to serve as part-time chairperson of New Directions, an organization that is trying to play the same role in foreign affairs that Common Cause plays in domestic affairs.

They believe that at some point Mrs. Johnson may contact you, to seek your advice.

New Directions is an organization which, if effective, could play a useful role in supporting the Panama Canal Treaty, SALT, foreign aid, and other worthy causes. Mrs. Johnson's serving as chairperson would strengthen the organization.

THE WHITE HOUSE
WASHINGTON
January 20, 1978

Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: WEEKLY REPORT ON SIGNIFICANT
ISSUES PENDING AT DOT

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
/		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN



THE PRESIDENT HAS

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

January 13, 1978

*She
advise
J*

MEMORANDUM FOR THE PRESIDENT

ATTENTION: Rick Hutcheson, Staff Secretary

FROM: Brock Adams

Brock Adams

SUBJECT: Weekly Report on Significant Issues Pending at
the Department of Transportation

Draft Message on Highway-Transit Legislation

Action

Monday I am sending to the Office of Management and Budget my recommendation as to the content and form of the transmittal message to the Congress on our proposed Highway and Transit Legislation. I think you will find it an important statement on the Administration's goals for the transportation system. The message stresses the strong implication for our energy policies of a sound transportation network. It also discusses the significance of moving from an era of simply building new transportation systems everywhere to conserving existing systems, making them work better, and building new systems where needed to meet national goals such as energy conservation, air quality, and economic development. I urge your serious consideration of issuing this statement as a Presidential Message and would like to discuss it with you.

☐ Yes, I would like to transmit as a Presidential Message.

Option: Let's discuss (date) _____

☐ No, prefer having Message issued as regular transmittal.

Simplification of Regulations

Action

I have been preparing an internal DOT Order establishing policies and procedures for the simplification, analysis, and review of regulations; but I have refrained from issuing it because of your pending Executive Order on the same subject. Our present proposal is fully consistent with the published draft of the Executive Order. One of our main changes will be to establish a Regulations Council of Departmental officials, which will oversee the total program. Major regulations will

require my personal concurrence before issuance. We will publish in the Federal Register a list of future regulations on which the Department is working. We will also establish improved criteria for all of our regulations (necessity, clarity, simplicity, timeliness, reasonableness, fairness), and will require analysis to support these criteria. I would like to begin this new effort now, as part of completing my reorganization of the Office of the Secretary, and thereby give impetus to the regulation reduction and modernization program I began last February. Therefore, unless you prefer me to wait until after the Executive Order is promulgated, I propose to issue during the week of January 16 our DOT policies and procedures as an informal internal memorandum, which - after the Executive Order appears - we will revise as necessary and then issue as a formal DOT Order.

☒ Proceed with issuance.

☐ Wait, and discuss with my appropriate Executive Office staff.

Coast Guard Discussions in Havana

Information

From the 16th to the 18th of January, 1978, a ten-member Coast Guard/State Department delegation will visit Havana for technical discussions with representatives of the Cuban Border Forces. They will discuss mutual search and rescue and drug enforcement activities. The Cubans will also raise the issue of suppression of terrorist activities. The major objective will be to establish direct communications working arrangements between the Coast Guard District Office in Miami and a Cuban control point.

275

THE WHITE HOUSE
WASHINGTON

January 20, 1978

Zbig Brzezinski

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Jim McIntyre

RE: AN ACADEMIC ADVISORY COMMITTEE
FOR THE US MILITARY ACADEMY AT
WEST POINT

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
/		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
/	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

LIMITED OFFICIAL USE

January 19, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ZBIGNIEW BRZEZINSKI

SUBJECT:

An Academic Advisory Committee for
the US Military Academy at West Point

3619- Am against creating another academic advisory Committee. For a limited time (not > one year), special advisors might be authorized to work under the Board of Visitors. Ask H Brown to advise me

The Acting Chairman of the Board of Visitors at West Point has sent you a letter requesting the authorization of an "academic advisory committee" for two-three years duration. (See Tab A) OMB recommends turning down this request, arguing that it duplicates the Board of Visitors. (See Tab B) General Goodpaster, the Superintendent at West Point, has something else in mind, not a duplication but rather tapping, on a selective basis, a few outstanding academicians to review various aspects of pedagogy with the aim of ensuring that the academic program is absolutely first rate. Members of the Board of Visitors are not regularly available for such consulting.

There may be a subjective reason to support this request although OMB's objective argument against it is strong. West Point, as you know, has been through great turmoil of late. General Goodpaster left retirement to take his prestige and stature to the task of remedying the Military Academy's maladies. He symbolizes the combination of combat leadership ability and academic excellent in his own person, and he is committed to ensuring that West Point supplies officers like himself. If he has asked for this modest outside support on pedagogical matters, you might help significantly by providing it.

An alternative, close to OMB's, would be to encourage General Goodpaster to use academic consultants to supplement the Board of Visitors but without giving them the formal status of a committee.

Your options are:

- Reject Douglas Bennett's request for an academic advisory committee _____
- Accept the request and authorize such a committee _____
- Reject the request but encourage General Goodpaster to use academic consultants to supplement the Board of Visitors _____

LIMITED OFFICIAL USE



DEPARTMENT OF THE ARMY
UNITED STATES MILITARY ACADEMY
WEST POINT, NEW YORK 10996

Board of Visitors
United States Military Academy
West Point, New York

President Jimmy Carter
The White House
Washington, D. C.

Dear Mr. President:

During the second session of the United States Military Academy Board of Visitors 1977 annual meeting held in Washington, D. C. on September 28, 1977, the Board received a series of detailed briefings regarding the West Point Study Group final report on the Military Academy. In the near future we will submit our official report to you reflecting the collective views of the members of the Board, but we would like to state that the work done by this Study Group was outstanding.

One of the matters which was deliberated at great length relates to a Study Group recommendation for the creation of a special advisory committee to advise the Superintendent on all aspects of Academy life. Earlier this year -- as an outgrowth of the Borman Commission's report on West Point -- the Department of the Army and the Secretary of Defense endorsed one of the Borman recommendations calling for the creation of such an advisory committee. The Office of Management and Budget rejected this proposal on grounds that it duplicated the responsibilities of the Board of Visitors. Generally speaking, the Board of Visitors agrees with the view of OMB, particularly if the charter of such an advisory committee is so broadly drawn.

However, during our recent meeting it became clear to us that one specific and extremely important aspect of West Point deserves special attention calling for the experience and expertise that can only be rendered by those who have devoted their lives to the academic profession. In view of the very serious problem of academic achievement which is so important to an institution of higher education and the efforts now underway to improve the academic quality of the West Point curriculum and teaching systems, some rather dramatic changes are being implemented. It seems to us that especially at this time, the Superintendent needs the ongoing consultation in the academic area that can only be provided by such a special group.



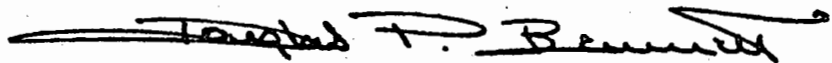
President Carter

As you well know, the three service academies have unique academic programs which have to complement properly other aspects of cadet and midshipman training in consideration of their respective missions. Therefore, any outside advisory body must have not only the expertise but also the time to understand and appreciate fully the nature of academic life at West Point. While the members of this Board are devoting a great deal of personal time to West Point, the fact remains that advice on academic matters would best come from those of the academic world.

We agree with the Superintendent's view that he would benefit from this advice of a prestigious, highly qualified group on academic matters. We envision such a special advisory committee would be constituted of leading men and women educators, Deans and Presidents of some of our nation's top colleges and universities and having a life of limited duration, perhaps two or three years. The individuals selected would be recommended by the Superintendent, with the concurrence of the Chief of Staff and appointed by the Secretary of the Army.

In conclusion, the Board supports the creation of an academic advisory committee, particularly in recognition of the troubled recent period at West Point. We do not feel that a more broadly mandated advisory committee is appropriate or necessary generally for the reasons articulated by the Office of Management and Budget.

Sincerely,

A handwritten signature in dark ink, appearing to read "Douglas P. Bennett", with a long horizontal flourish extending to the left.

DOUGLAS P. BENNETT
Acting Chairman
1977 USMA Board of Visitors

December 27, 1977



0067

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

January 10, 1978

MEMORANDUM FOR: RICK HUTCHESON
THRU: Bo Cutter
FROM: Randy Jayne
SUBJECT: Advisory Committee--West Point

We continue to believe that West Point should utilize existing procedures and mechanisms--in particular the Board of Visitors itself--to advise the Superintendent on academic matters. For the very reasons cited in Mr. Bennett's letter, outside groups rarely can commit the time to understand and appreciate fully the unique and specialized nature of Service academy academic life. West Point has been "examined to death," and yet another outside group could actually be counterproductive to the continuing recovery of the school's image and morale.

I believe that a number of attractive alternatives exist to a proliferation of committees, and I cite the experience of my alma mater, the Air Force Academy, as evidence. First, the periodic accreditation process provides outside scrutiny of curriculum design. Second, similar periodic contacts between individual departments and their respective national professional associations provide exchange on academic focus and content. Third, formal programs to bring to the campus distinguished visiting professors allow exchange on both general and specific academic policies. Finally, and most importantly, the Board of Visitors itself should perform such an advisory function. If necessary, future appointments to the Board should emphasize the kind of distinguished academic stature noted by Bennett. As case in point, two recent appointments to the Air Force Academy Board were Dr. Wesley Posvar, Chancellor of the University of Pittsburgh and former Chairman of the USAFA Political Science Department, and General Brent Scowcroft, former National Security Advisor to President Ford and USAFA professor. The inclusion of this kind of expertise gives the Board greater competence in assessing the particular academic-military relationships found at a Service academy.

RECOMMENDATION: The President should urge West Point and its Board of Visitors to pursue these and other means of gaining outside academic advice without creating yet another formal committee.

THE WHITE HOUSE
WASHINGTON

SUMMARY SCHEDULE

VISIT TO ATLANTA, PLAINS, AND
SAINT SIMONS ISLAND, GEORGIA

FRIDAY - JANUARY 20, 1977

2:05 p.m. Depart South Lawn via helicopter for Andrews AFB.
2:30 p.m. Depart Andrews AFB aboard Air Force One for
Dobbins Air Force Base, Georgia. (Flying time: 1 hr., 35
minutes)

4:05 p.m. Arrive Dobbins Air Force Base.
4:10 p.m. Depart Dobbins AFB via motorcade for Omni International
Hotel. (Driving Time: 20 minutes)
4:30 p.m. Arrive Omni International Hotel. Proceed to suite.
PERSONAL TIME: 1 hour, 20 minutes. (Dinner in suite)

5:55 p.m. Depart suite for Penthouse Suite for meeting with
Southern Governors.
6:00 p.m. Southern Governors meeting begins.
6:30 p.m. Southern Governors meeting concludes. Return to suite.
PERSONAL TIME: 1 hour, 5 minutes)

7:50 p.m. Depart suite, board motorcade en route Georgia World
Congress Center. (Driving time: 2 minutes)
8:00 p.m. Reception for Georgia Campaign Volunteers.
REMARKS. Reception duration: 25 minutes]

8:30 p.m. Salute to the President Dinner - Exhibit Hall C.
Spend 55 minutes greeting guests - table to table.
REMARKS (after Joel McCleary, Chairman Curtis, and
Bert Lance speak).

10:10 p.m. Depart Georgia World Congress Center en route
Dobbins Air Force Base. (Driving time: 20 minutes).
10:35 p.m. Air Force One departs Dobbins AFB en route Brunswick.
(Flying Time: 50 minutes)
11:25 p.m. Air Force One arrives Brunswick Airport.
11:30 p.m. Motorcade departs en route Musgrove Plantation.
(Driving time: 20 minutes)
11:50 p.m. Arrive Musgrove Plantation.
OVERNIGHT.

Tim
J

SATURDAY - JANUARY 21, 1978

8:40 a.m.		Board motorcade at Musgrove Plantation and depart for McKinnon Airport.
8:55 a.m.	<i>move up one hour - go by my home, & Alton's, then to church</i>	Helicopter departs Saint Simons Island for Plains, Georgia. (Flying Time: 1 hour, 35 minutes)
10:30 a.m.		Helicopter arrives Peterson Field. Board motorcade, depart for Maranatha Baptist Church (Driving time: 15 minutes)
10:50 a.m.		Arrive Maranatha Baptist Church.
11:00 a.m.		Service begins.
11:40 a.m.	<i>OK</i>	Service concludes.
11:45 a.m.		Motorcade departs en route cemetery. (Driving Time: 15 minutes)
12:05 p.m.		Arrive cemetery. Service begins.
12:25 p.m.		Service concludes.
12:30 p.m.	<i>OK</i>	Motorcade departs cemetery en route Peterson Field. (Driving Time: 10 minutes)
12:40 p.m.		Motorcade arrives Peterson Field. Board helicopter and depart en route Saint Simons Island. (Flying Time: 1 hour, 35 minutes)
2:20 p.m.		Arrive McKinnon Airport, Saint Simons Island. Board motorcade.
2:30 p.m.		Motorcade arrives Musgrove Plantation.

SUNDAY - JANUARY 22, 1978

PERSONAL

MONDAY - JANUARY 23, 1978

5:00 p.m.	Board motorcade and depart Musgrove Planation en route Brunswick Airport. (Driving Time: 20 minutes)
5:25 p.m.	Motorcade arrives Brunswick Airport. Board Air Force One.
5:30 p.m.	Air Force One departs Brunswick Airport en route Andrews Air Force Base. (Flying Time: 1 hour, 25 minutes).
6:55 p.m.	Air Force One arrives Andrews Air Force Base. Board helicopter.
7:15 p.m.	Helicopter arrives South Lawn.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

January 20, 1978

C

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Sp*
SUBJECT: Domestic Policy Staff Weekly Status Report

AGRICULTURE AND RURAL DEVELOPMENT

Farm Strike: My staff has met with several groups this week representing the visiting farm strikers. We are recommending to Tim Kraft that a meeting be scheduled soon between you and representatives of the major farm groups to discuss the current agricultural situation.

Food Aid Convention: The Food and Agricultural Policy Working Group will soon be sending you a decision memo regarding the U.S. negotiating position for talks on this topic early next month under auspices of the International Wheat Council.

NATURAL RESOURCES

Deep Sea Mining: Completing work with OMB and interested agencies to develop detailed Administration position on legislation.

Outer Continental Shelf: Working with OMB to develop positions on energy impact assistance to coastal states and on whether offshore leasing activities should be consistent with state coastal plans.

Mineral King: Working with OMB, Agriculture, and Interior to develop testimony for House hearings on bills that would preclude development of the proposed ski area. Agriculture proposes a compromise featuring a scaled-down ski area and some wilderness.

Water Policy Study: Options being refined by agency staffs for consideration by Andrus, McIntyre and Warren. Memo to you next month. A briefing meeting with you may be appropriate.

160-Acre Limitation: Secretary Andrus testifies before Senate Committee on January 30. We are working with Interior and Agriculture.

ECONOMICS AND BUSINESS

Economic Program: We will be working with Treasury, CEA, OMB, Labor, and Frank Moore's shop to expedite passage of the Administration's economic programs.

HOUSING AND URBAN DEVELOPMENT

Consumer Cooperative Bank: Decision memo from Secretary Blumenthal to you by Wednesday, January 25.

Urban Policy: The memo that Secretary Harris and I have prepared will be to you Monday, January 23.

New York City Financial Plan: We are working with Treasury in formulating an appropriate federal approach for the post-June 30, 1978 period.

Fanny Mae: We are working with the Vice President in reviewing recommendations from HUD regarding the resolution of continuing disagreement between HUD and Fanny Mae over the corporation's policies and management. Memo to you by January 28.

HEALTH

Planning Guidelines: HEW has once again issued proposed health planning guidelines. The new proposed guidelines take into account the criticisms from Congress and rural area spokespeople.

Planning Act Renewal: We have organized a meeting with HEW and OMB to review legislation renewing the Planning Act. Particular emphasis will be placed on assuring that state and local governments have an adequate voice in the planning process.

National Health Insurance: We are working with Secretary Califano and OMB to prepare the Issue Identification memorandum for the NHI PRM process.

CIVIL SERVICE MATTERS

Hatch Act Reform: The interagency task force continues to meet with the Senate staff to discuss amendments. We are also working with Frank on overall legislative strategy. We will be talking with Senator Chiles about possibly floor managing the bill.

Civil Service Reform Initiative: The final decision memorandum, by Chairman Campbell and OMB, has been circulated to the White House staff and the Cabinet for comment, and will be to you next week. Reorganization project personnel are drafting possible legislation and an interagency legislative and media team is meeting weekly. We continue to follow closely.

Federal Labor Relations: Per our recent memo, negotiations with the unions to discuss gaining their support for the civil service reform package have been suspended until you see a separate CSC-OMB decision memo, which will reach you next week.

ENERGY

National Energy Act (NEA): Continuing discussions with Schlesinger, Blumenthal, McIntyre, Schultze and Moore on status of natural gas and other energy issues and monitoring need for change in strategy.

Nuclear Licensing Reform: Extensive meetings held over last two weeks with CEQ, NRC and DOE to define issues which must come to you for resolution. Principals meeting to be held January 25. Memo to follow shortly thereafter.

Energy Impact Assistance: Continuing to work with DOE, OMB and Watson to form Administration position and possible legislative initiative to assist communities with negative impacts resulting from energy development.

HUMAN RESOURCES

Welfare Reform: The House special welfare subcommittee reconvenes next week to begin work on the jobs section of the bill. HEW is currently analyzing the impact of the 31 amendments to the cash assistance portion of the bill. Efforts are underway to reconcile the cost estimates of the Administration with those of the Congressional Budget Office.

Veterans: We are working with OMB and the Veterans Administration to analyze content of veterans pension reform proposals as provided for in the budget. Without reform, the cost of the need-based pension could escalate as the World War II veterans population gets older.

Atomic Tests: We are meeting with representatives from DOD, DOE, HEW and the VA on how to proceed with the investigation of the health impact on soldiers who were present at a series of atomic tests in the 1950's. There has been some concern on the Hill that the agencies may be attempting to drag their feet on finding the soldiers to see if there is a higher than normal incidence of leukemia.

OPENNESS AND INTEGRITY IN GOVERNMENT

Lobby Reform: An interagency team continues to push for a strong bill in the House and Senate. Key House staff were visited this week and House markup is now scheduled for mid-February. Senate hearings should resume shortly. We also are discussing unresolved legislative provisions with Common Cause, Labor and other interest groups.

REGULATORY REFORM

Banking Regulatory Reform: Per your request, we are preparing an options memo on the consolidation of the banking regulatory structure, S. 71, and related issues for review by CEA and OMB. Memo to you by February 6.

MISCELLANEOUS

Congressional Veto Message: I continue to work with Bob and the Justice Department on our message.

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
✓	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

NOW UNITED
NATION - STRONG
- AT PEACE

POL
ECON
MIL

LOT TO OVERCOME - 8 YEARS
NO EASY SOLUTIONS
NO REGIONAL BARRIERS
OLD VS NEW CITIES
SUN VS SNOW
NO
ENERGY - JOBS - FARMS

PEOPLE INVOLVED

CHILD - TABLE - WOOD BOX
BUCKET - FIELD
- CITIES - NEIGHBORHOODS
FRIENDSHIP FORCE
ATL - DESM - NASH - HARTFORD

MLK J - RE LEE

"DUTY. SUBLIME WORD
IN ENGLISH LANGUAGE"

ELECTED - DO A JOB -
HELP ME

MOSES - ISRAELITES -
AARON - HUR

ARMS HEAVY -

YOU HELP ME HOLD THEM
UP

DEMO FUNDRAISER

ATL 1/20/78

HOME - NO INTERPRETER

PROBLEM - WASH D.C.
- DOLL HOUSE - CHAINSAW
WASH COCKTAIL PARTIES

BUSY - HAM/JOY 1 night

CONVERTING CONGRESS

RUTH - RUSSELL LONG

BERT - TV - CRONKITE - STATE

HANDICAPS - HONEST -
KNOWS WHAT TALKS ABOUT

THOUGHTS AT HOME

BORN INTO DEMO PARTY

DIXIECRATS - SOUTH DEMOS - DEMOS

JEFFERSON/JACKSON - COMMON
INDEPENDENCE

NOBODY CONTROLS DEMOS - SENATE

PATRIOTIC - RELIGIOUS

~~NOV 1978~~ 30 YEARS

EXPORT YOUNG SMIL W SMIL B
MUSIC COTTON - BACKWARDS CAT
MICHIGAN - ND. FUNERAL

800 -> 900

12 YRS -> RETIRED

NONE PAID

1ST ANNIVERSARY

GOT ME ELECTED

EVERY PERSON -
MAKE A DIFFERENCE

YOUNG - LESSON

264

THE WHITE HOUSE
WASHINGTON
January 20, 1978

Bob Lipshutz
Jim McIntyre

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder
RE: E.O. - RELATING TO CERTAIN
POSITIONS IN LEVEL IV OF THE EXECUT.
SCHEDULE

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
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/	LINDER
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	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

January 18, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ *RL*

RE: Proposed Executive Order Entitled
"Relating to Certain Positions in Level IV
of the Executive Schedule"

You are authorized to place 34 positions in Levels IV and V of the Executive Schedule. A total of 32 positions have now been allocated.

The proposed order, which has been requested by Treasury, would delete the position of Adviser to the Secretary of the Treasury (Counselor, Economic Policy) from Level IV and would add the position of Assistant Secretary of the Treasury (Enforcement and Operations). Treasury has already abolished the position now being formally deleted from Level IV; the Economic Policy Board was abolished by Executive Order last March. The new Assistant Secretary will be responsible for supervision of Treasury's enforcement agencies, including the Secret Service, the Bureau of Alcohol, Tobacco and Firearms, the Federal Law Enforcement Training Center, the Customs Service, the Bureau of Engraving and Printing, and the Office of Foreign Assets Control.

Treasury requests that this order be signed as soon as possible. We recommend that you sign it.

☒ Approve

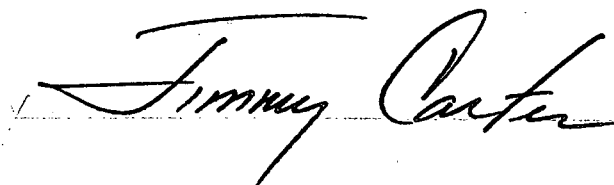
☐ Disapprove

EXECUTIVE ORDER

- - - - -

RELATING TO CERTAIN POSITIONS IN LEVEL IV
OF THE EXECUTIVE SCHEDULE

By virtue of the authority vested in me by Section 5317 of Title 5 of the United States Code, and as President of the United States of America, Section 1 of Executive Order No. 11861, as amended, placing certain positions in Level IV of the Executive Schedule, is further amended by deleting "Adviser to the Secretary (Counselor, Economic Policy Board), Department of the Treasury" in subsection (13) and inserting in lieu thereof "Assistant Secretary (Enforcement and Operations), Department of the Treasury".

A handwritten signature in cursive script, reading "Jimmy Carter", written over a horizontal line.

THE WHITE HOUSE,

ID 780264

T H E W H I T E H O U S E

WASHINGTON

DATE: JAN 19 78

FOR ACTION:

INFO ONLY: THE VICE PRESIDENT

STU EIZENSTAT

FRANK MOORE

JACK WATSON

CHARLES SCHULTZE

FROM: RICK HUTCHESON WHITE HOUSE STAFF SECRETARY PHONE 456-7052

SUBJECT LIPSHUTZ MEMO DATED 1/18/78 RE PROPOSED E.O - RELATING TO CERTAIN
POSITIONS IN LEVEL IV OF THE EXECUTIVE SCHEDULE

RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY

BY

JAN 19 78

ACTION REQUESTED: THIS MEMO IS FORWARDED TO YOU FOR YOUR INFORMATION

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD; DO NOT FORWARD.

PLEASE NOTE OTHER COMMENTS BELOW:

10:00 AM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

January 19, 1978

SIGNING CEREMONY
ECONOMIC REPORT
TAX MESSAGE
BUDGET MESSAGE

10:00 a.m.

Friday, January 20, 1978
The Roosevelt Room

FROM: STU EIZENSTAT *Stu*

I. BACKGROUND

(2 signatures) → You will sign the Economic Report. Charlie Schultze did a background briefing on this message today and it is embargoed until the signing ceremony.

(2 signatures) → You will sign the Tax Message. Secretary Blumenthal will do a background briefing Friday afternoon, embargoed for publication on Sunday.

(2 signatures) → You will sign the Budget Message. Jim McIntyre will do a background briefing on this message on Saturday and it will be embargoed until Monday.

Talking points for the signing of each of the messages are attached.

You will then present the Alexander Hamilton Award posthumously to Larry Woodworth's widow. A proposed statement is attached.

II. PARTICIPANTS

Secretary Blumenthal and his staff
CEA Chairman Charles Schultze and his staff
OMB Director Charles McIntyre and his staff
Stu Eizenstat, Bert Carp, David Rubenstein,
Bob Ginsburg and Bill Spring, Domestic Policy

III. PRESS PLAN

Open coverage (same as for a bill signing ceremony)

SIGNING CEREMONY
TALKING POINTS

STATEMENT BY THE PRESIDENT

This morning I will sign three Messages that lay out the Administration's basic economic program.

The Economic Message, the Tax Message, and the Budget Message contain our analysis of where the American economy has been and where it is going, and they spell out my recommendations on two of the most fundamental questions that face any government: how to raise its funds most equitably and how to spend them most wisely and effectively. Taken together these Messages show the way to continue and enhance our Nation's economic growth and prosperity.

The Economic Message is a report to Congress summarizing the forces at work in our domestic economy and in the world economy. It outlines four objectives that we need to pursue in order to shape a sound economic future for our Nation.

These are , first, to move toward a high-employment economy; second, to rely primarily on private business to lead our economic expansion and provide the jobs we need; third, to reduce inflation; and fourth, to contribute to the strength of the international economic system on which we all depend.

The Tax Message recommends both tax cuts and tax reform. The tax cuts are needed to maintain a strong economy; encourage business investment; and help individual Americans catch up with the frustrating inflationary "bracket creep" that has caused their income taxes to rise so much faster than their incomes. Ninety-six per cent of American taxpayers will pay lower taxes next year if Congress acts as I have suggested.

The tax reforms are needed to make the Internal Revenue laws simpler and fairer.

We have a lean and tight budget for 1979. In this Budget Message there is a proposed increase in federal spending of less than two per cent after adjusting for inflation. That is the smallest increase in the Federal budget in four years. It shows the very beneficial effect of zero-based budgeting on our federal expenditures. Every program has been required to justify itself -- and the tax dollars we spend on it -- before it could get into this budget at all.

The deficit in this budget is, unfortunately, nearly as large as last year's, but it could have been one-third smaller if we had omitted any tax cuts. We chose to reduce the burden on our taxpayers and provide more jobs for our people, and I believe that decision was unquestionably the right one to make.

These three Messages are the product of the collective efforts of a great number of people on my White House staff who too seldom get the recognition they deserve. I would like to thank them for all they have done, and sign these Messages with great hope and expectation that the Congress will act on them wisely.

#

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

January 19, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze ^{CLS}
Stu Eizenstat *Stu*

Subject: Talking Points for the Signing Ceremony tomorrow
for the Budget, Tax Message and Economic Report.

Attached are talking points prepared by Stu and me
for your session tomorrow morning. OMB has thoroughly
reviewed the section on the Budget and approved it.

I. Introduction

- o This morning I am signing my Budget for 1979, my message to the Congress outlining my proposals for major tax reductions and reform of the tax system, and my Economic Report to the Congress.
- o Together, these documents describe in detail my economic program for the next several years.
- o This is a balanced program designed to support our strong economic recovery, keep unemployment moving downward, and contain and control inflation.
- o I have based my domestic program on three long-range objectives for our nation's economy:
 - We must continue to move steadily toward our goal of high-employment.
 - We should rely on the private sector to lead the recovery, while ensuring that the Government meets our nation's needs effectively -- and efficiently.
 - We must reduce the rate of inflation.
- o Along with enactment of energy legislation, this economic program will be my major domestic priority of 1978.

II. Tax Proposals

- o I am proposing a \$25 billion net reduction in personal and business taxes, coupled with significant reforms that eliminate unjustified preferences for many individuals and corporations. Most of the reductions will take effect next October 1.
- o There will be \$17 billion in net income tax cuts for individuals and their families -- 94 percent of it for taxpayers below \$30,000 in income. The average family of 4, earning \$15,000, will receive almost a 20 percent tax reduction.
- o There will be \$6 billion in tax reductions for businesses -- small and large -- through cuts in the corporate tax rate and direct incentives for investment.
- o There will be \$2 billion in reduction of telephone excise and payroll taxes -- which should ease cost and price increases.
- o My program will make the tax system fairer -- by reducing many special preferences in the tax system. Ordinary taxpayers should not be asked to subsidize luxurious expense accounts or foreign tax breaks that give little benefit to the nation. Moreover, the revenue saving through tax reforms will enable me to recommend larger reductions than otherwise would be possible.

- o My program will also make it easier for millions of Americans to fill out their tax returns each year.
- o My program will strengthen the economy. With this tax program, our economy should grow at a 4-1/2 - 5 percent pace through 1979. Almost a million new jobs will be created for workers who need them.
- o And my proposals for business tax cuts will provide the incentive for businesses to invest in new facilities -- investment we need now to promote recovery, and in the future to assure us that the capacity we will need will be on hand to meet the demands of a highly employed economy.

III. Budget Proposals

- o I am proposing a \$500 billion budget for fiscal 1979.
- o My budget recommendations have grown out of some underlying principles that guided me in making my budget decisions:
 - First, the essential human needs of our citizens must be met. My budget includes significant increases for programs that provide essential human services, support our educational institutions, protect the environment and aid our cities.

The budget provides the funds necessary to provide for a strong national defense and to increase our commitment to our NATO allies while restraining Defense spending by introducing importance efficiencies.

- Second, we must recognize that Government resources are scarce. Since the private sector should continue to lead the economic recovery, Government must absorb a declining share of the nation's output. Spending in my 1979 budget will amount to 22 percent of the nation's output, and I intend to reduce that figure about 21 percent by 1981. This is a tight budget. Expenditures will grow in real terms by less than 2 percent -- the lowest level in 4 years.
- Finally, if we are to meet national needs while controlling the level of government spending, we must be good managers. Through zero-based budgeting, I have been able to reorient our budgetary priorities toward the most pressing needs and to reduce waste and inefficiency.
- The budget proposals are closely tied to our economic objectives. My overall recommendation for budget outlays, together with my tax program, will go far toward assuring continued economic recovery.

- o In making my decisions on the budget, however, I have been careful not to overcommit the Government for the future. I believe that budgetary policies that assure that we will not create excessive demands when we reach high levels of employment are an essential ingredient in a sound economic program. We aim for a balanced budget at high employment.

IV. Employment Programs

- o I have paid special attention in my budget to programs to increase employment opportunities. We must reduce the rate of unemployment. In particular, we must deal with the unemployment problems of disadvantaged Americans.
- o My Budget increases the resource devoted to dealing with unemployment.

-- Proposals include: Public Service Employment continued at 725,000 job level; Youth employment programs will be expanded; a new \$400 million initiative will be announced shortly to create job opportunities in the private sector for the young and disadvantaged.

V. Anti-Inflation Proposals

- o We cannot expect to accomplish our budgetary or our economic objectives without progress against inflation.
- o Currently, we have a stubborn 6 to 6-1/2 percent annual inflation rate.
- o My economic policies will assure that we will not set off a new round of inflation in the future. But we must also try to reduce the rate of inflation we now face.
- o My efforts to reform the regulatory system, my proposal to reduce federal excise and unemployment insurance taxes, and my hospital cost containment program all will help.
- o But we will succeed in the end only through a cooperative effort -- Business and Labor must work together to reduce the inflation rate.
- o For this reason, I have proposed a voluntary program of deceleration on price and wage increases.
 - In this program, my Advisers will work closely with both labor and management to seek out ways that price and wage increases in each industry can be reduced below the rate of increase in the previous two years.

LARRY WOODWORTH
CEREMONY

THE WHITE HOUSE

WASHINGTON

January 19, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

STU EIZENSTAT

Stu

SUBJECT:

Alexander Hamilton Award Ceremony

Attached is a proposed statement for you at the Alexander Hamilton Award Ceremony to be given posthumously to Larry Woodworth's widow.

The award is from the Secretary of the Treasury and you are participating in the ceremony. The ceremony will follow the signing of your budget, economic and tax messages.

In addition to Mrs. Woodworth, several other members of his family will be present.

You might also mention that the tax message which you are sending to Congress reflects the recommendations that Larry made during his time with the Administration and is very much his product.

STATEMENT BY THE PRESIDENT

The Alexander Hamilton Award is the highest award the Secretary of the Treasury can give. I wanted to participate at the presentation ceremony personally because of the high regard I developed for your husband during our work together in the past year.

Because of my association with him the past several months, it is easy for me to appreciate how much he had done over the years for his country. He was much more than just an expert on our tax system. He was an exceptional public servant who always remained close to people and their problems.

I know Larry was a religious person and his actions were motivated by his faith and his desire to do good work.

Larry Woodworth may have been unknown to the general public, but his unparalleled career of public service made a difference in the lives of his fellow citizens. The tax proposals we are sending to Congress tomorrow were developed by Dr. Woodworth with the principles of equity uppermost at all times.

I am very happy to present you, Mrs. Woodworth, with Dr. Woodworth's Alexander Hamilton Award.

I wish only that I could have presented it to Larry personally.

SCENARIO

Presentation of the Alexander Hamilton Award

The White House

January 20, 1978

Participants: The President
Secretary Blumenthal
Mrs. Woodworth
Woodworth Family (see attached list)
White House photographer
(Treasury photographer)
Acting Assistant Secretary Donald Lubick
Deputy Assistant Secretary Emil Sunley

Secretary Blumenthal: Introduces Mrs. Woodworth and
the Woodworth family to the President. (Names attached)

President: Remarks

Secretary Blumenthal: Read citation, then hands
plaque to Mrs. Woodworth.

Mrs. Woodworth: Response

Photographs to conclude ceremony.

NOTE: This ceremony will follow the signing, possibly in
the Cabinet Room, of the Budget, Economic and Tax Messages.
That ceremony will be attended by CEA and OMB staff members and
will be open to full press coverage.

ALEXANDER HAMILTON AWARD PRESENTATION

Members of the Woodworth family expected to attend the presentation at the White House on Friday, January 20 --

Mrs. Margaret B. Woodworth
Miss Esther Woodworth - daughter
Mr. Larry S. Woodworth, Jr. - son
Eileen Woodworth - daughter-in-law
David - grandson
Mr. Herman Woodworth - brother
Mrs. Herman Woodworth (Mary Louise) - sister-in-law

CITATION

Alexander Hamilton Award

LAURENCE N. WOODWORTH

For more than three decades Laurence N. Woodworth served the Congress and the President, as staff member and chief of staff of the Joint Committee on Internal Revenue Taxation and as Assistant Secretary of the Treasury for Tax Policy. In these capacities Dr. Woodworth played a unique role in the development of our tax laws.

He helped shape the Internal Revenue Code of 1954, the Revenue Acts of 1962, 1964 and 1971, the Tax Reform Act of 1969, the Employee Retirement and Income Security Act of 1974, and the Tax Reform Act of 1976, among other legislative landmarks. His historic accomplishments also included supervising development of the State and Local Fiscal Assistance Act of 1972 and the report that led to the Congressional Budget Control Act.

Larry Woodworth was the first Assistant Secretary appointed by President Carter. His last great challenge was to draft a plan for the reform of the Nation's tax laws, to make them fairer and simpler and to stimulate vital capital formation by American industry. While he did not live to see its completion, every page of President Carter's Message to the Congress on tax reduction and reform bears the unmistakable Woodworth imprint. The proposals and analyses which were his legacy will provide guidance to lawmakers for years to come.

Dr. Woodworth's probity and acumen were so highly regarded throughout the Legislative and Executive Branches that his professional judgments were accepted without caveat or question. Whether on the Congressional or Treasury staff, Dr. Woodworth dealt with others as colleagues, not adversaries, and his demeanor remained modest and unassuming as his reputation and influence grew.

It is a fitting tribute to this unique career of distinguished public service that Larry Woodworth should be the only recipient to be awarded posthumously the highest honor that can be accorded by the Department of the Treasury: The Alexander Hamilton Award.

ALEXANDER HAMILTON AWARD

1. Established: By Secretary George M. Humphrey, October 24, 1955.
2. Purpose: To give recognition for outstanding and unusual leadership in the work of the Department of the Treasury.
3. Relative Importance: The highest honor award in the Department's power to bestow.
4. Selection: The Secretary personally designates persons to be honored by this award. There are no nominations for this award from any source.
5. General Standard: To be awarded to those whose leadership in the Treasury is such as to bring outstanding and unusual service and benefit to the Government and so to the people of our Nation.
6. Specific Standards: The only real standard is that the Secretary chooses to confer it. However, the intent seems to have been to limit awards to officials: (a) who have evidenced outstanding leadership; (b) whose work has been directly and personally known to the Secretary (field officials thereby excluded); (c) who have served a reasonable length of time permitting display of leadership for which this award is reserved (three years minimum suggested); and (d) on very rare occasions, special non-Treasury officials of the Secretary's choice.
7. Award Package: A 14k gold medal at a total cost of \$184 (1976); a certificate enclosed in a navy blue padded morocco leather folder with silk lining, signed by the Secretary; and a miniature Treasury flag set.

BIOGRAPHY

Laurence N. Woodworth
(March 22, 1918 - December 7, 1977)

Born in Loudenville, Ohio, son of a Baptist minister, Dr. Woodworth was an economist on the staff of the Joint Committee on Internal Revenue Taxation from 1944 to 1964, chief of the Committee staff from 1964, and Assistant Secretary of the Treasury for Tax Policy from February, 1977, until his untimely death while attending a tax conference in Williamsburg, Va.

He was awarded his A.B. degree in 1940 by Ohio Northern University, of which he was later a trustee. He attended the University of Denver on an Alfred P. Sloan Fellowship, receiving his M.S. degree in 1942, and received the Ph.D. degree from New York University in 1960, his dissertation topic being "Taxation by United States of Income Earned Abroad." His academic career was characterized by excellence and many awards and honors. He was president of the National Taxation Association - Tax Institute of America, 1975-76, and in 1972 he received a Rockefeller Federal Government Public Service Award as well as a National Civil Service League Career Service Award.

A resident of Cheverly, Md., Dr. Woodworth was a member of the Town Council, 1949-58, mayor of Cheverly, 1959-65, and State president of the Maryland Municipal League, 1964-65. He was a member of the Maryland Governor's Fiscal Commission, 1969-70, and a member of the Maryland Commission on State and Local Finance, 1962-64.

A member of Cheverly United Methodist Church, Dr. Woodworth served as chairman of the Administrative Board and Sunday School Superintendent and taught a young adult class for many years. He is survived by the former Margaret Forest Bretz, a graduate of Ohio Northern University and the daughter of a Methodist minister, and four children: Laurence S., of Greenbelt, Md.; Joseph Ray, Albuquerque, N.M.; Melissa, Syracuse, N.Y.; and Esther, Washington, D.C.

THE PRESIDENT HAS SEEN.

9:30 AM

THE WHITE HOUSE
WASHINGTON

January 19, 1978

MEETING WITH SENATOR FRANK CHURCH
Friday, January 20, 1978
9:30 a.m. (15 minutes)
The Oval Office

From: Frank Moore *J.m./pd*

I. PURPOSE

To discuss the 1978 agenda and other subjects of mutual interest and concern.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: Senator Church is in line to be Chairman of the Foreign Relations Committee and in line to be Chairman of Energy and Natural Resources Committee (should Senator Jackson) give it up. We have not paid enough attention to him, especially on foreign policy matters. He has generally been supportive of our legislative program with exception of the Clinch River Breeder which he led the fight for (state interest as well as personal conviction that the plutonium breeder should be developed.)

B. Participants: The President
Senator Church
Frank Moore
Dan Tate

C. Press Plan: White House Photo Only.

III. TALKING POINTS

1. The Senator has been a supporter of the Panama Canal Treaties, but he has not been very vocal. You should emphasize to him that all the key votes will be on amendments, reservations, etc. and we must have his support. He is on the Foreign Relations Committee and is involved in hearings on Panama today (Friday).

2. The Senator may bring up the 160-acre limitation. Interior reports that he will probably urge that you do your best to expand the limitation. As you know, Secretary Andrus is under court order to produce an environmental impact statement. He will use the time while the statement is being prepared to try to reach a compromise solution.
3. Interior has talked to Senator Church about leading the support for the Administration's position on Alaska "d-2 lands". We have proposed protection of 92 million acres as parks, refuge areas, wilderness areas and wild and scenic rivers. Senator Stevens wants only 25 million acres protected while Senator Udall wants protection of 118 million acres. You should stress that 92 million acres is our bottom line figure and represents a reasonable compromise.

THE WHITE HOUSE

WASHINGTON

January 19, 1978

MEETING WITH SENATOR FRANK CHURCH

Friday, January 20, 1978

9:30 a.m. (15 minutes)

The Oval Office

From: Frank Moore

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204

THE WHITE HOUSE
WASHINGTON

January 20, 1978

Frank Moore

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

Stu Eisenstat

cc: Bob Linder

RE: REQUEST FOR EMERGENCY
DECLARATION DUE TO
TORNADOES - ARKANSAS

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

I've called Lyann

ACTION	FYI	
		MONDALE
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	/	EIZENSTAT
		JORDAN
		LIPSHUTZ
/		MOORE
		POWELL
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	SCHNEIDERS
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	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

January 19, 1978

*To Frank
for announce-
ments
J*

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Shu*
LYNN DAFT *LD*

SUBJECT:

Request for Emergency Declaration
Due to Tornadoes - Arkansas

In the attached memorandum, Secretary Harris recommends that you declare an emergency for the State of Arkansas and authorize the donation of such Government-owned mobile homes as are necessary to provide the required temporary housing assistance. The Governor stated that the State will not ask for any Federal assistance other than the provision of mobile homes.

We concur with Secretary Harris' assessment and recommend your concurrence in the proposed reply to Governor Pryor.

THE WHITE HOUSE

WASHINGTON

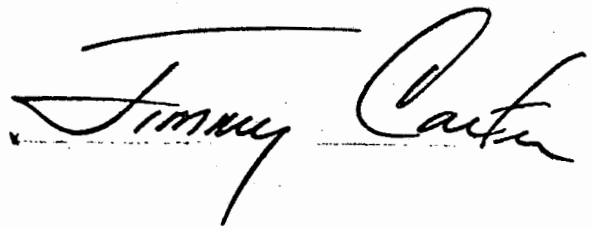
Dear Madam Secretary:

I have determined that the impact of tornadoes on the State of Arkansas is of sufficient severity and magnitude to warrant a declaration of an emergency under Public Law 93-288. I therefore declare that such an emergency exists in the State of Arkansas.

In order to provide Federal assistance, you are hereby authorized to donate Government-owned mobile homes to the State of Arkansas for the purpose of providing temporary housing under the provisions of Section 404 of Public Law 93-288. You are further authorized to allocate, from funds available for these purposes, such amounts as you find necessary for administrative expenses.

I expect regular reports on progress made in meeting the effects of this emergency, the extent of Federal assistance already made available, and a projection of additional assistance required, if any.

Sincerely,

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is fluid and cursive, with a long horizontal line extending from the "J" and a large, sweeping "C" for "Carter".

Honorable Patricia Roberts Harris
Secretary of Housing and
Urban Development
Washington, D. C. 20410